

**VADILAL INDUSTRIES LTD.**

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VISIT US ON : <http://www.vadilalgroup.com>

5th June, 2017

To,
The National Stock Exchange of India Ltd.
Exchange Plaza,
Plot no. C/1, G Block,
Bandra-Kurla Complex
Bandra (E), Mumbai - 400 051.

To
Department of Corporate Services,
Bombay Stock Exchange Limited,
1st Floor, Rotunda Building,
Dalal Street, Fort,
Mumbai - 400 001.

Scrip Code No. VADILALIND-EQ

Scrip Code : 519156

Dear Sir,

SUB: EARNING PRESENTATION OF THE COMPANY FOR THE FOURTH QUARTER AND FULL FINANCIAL YEAR 2016-17.

Ref.: Regulation 30 of SEBI (Listing Obligations and Disclosure Requirements) Regulation, 2015

With reference to the captioned subject, please find enclosed herewith Earning Presentation of the Company for the Fourth Quarter and Full Financial Year (01-04-2016 to 31-03-2017).

Kindly take the same on your record.

Thanking you,

Yours faithfully,
For **VADILAL INDUSTRIES LIMITED**

For, **RUCHITA GURJAR**
Company Secretary &
Compliance Officer

Encl : As above

E-mail: shareslogs@vadilalgroup.com

VADILAL INDUSTRIES

Q4 & FY17 Results Presentation



Certain statements in this document may be forward-looking statements. Such forward-looking statements are subject to certain risks and uncertainties, like regulatory changes, local political or economic developments, and many other factors that could cause our actual results to differ materially from those contemplated by the relevant forward-looking statements. Vadilal Industries will not be in any way responsible for any action taken based on such statements and undertakes no obligation to publicly update these forward looking statements to reflect subsequent events or circumstances.

Table of Contents



Q4 & FY17 Financial Performance

04

Financial Performance Trends

10

Vadilal Industries Overview

15

Outlook

25



Q4 & FY17 Performance



Commenting on Q4 & FY17 performance, Mr. Rajesh Gandhi, Chairman and Managing Director, Vadilal Industries Limited (VIL) said:

"We have delivered a stable operating and financial performance for the year under review despite some recent headwinds including currency demonetization that impacted consumer demand over a part of last year. We continue to see expansion in consumption of personalized packs and contribution to ice cream volumes is now about 69% of total sales. The exports business is seeing positive trends as our brand and products are gaining acceptance from the Indian diaspora. Revenue and margin contribution from exports is fully reflected in the consolidated reporting for the full financial year.

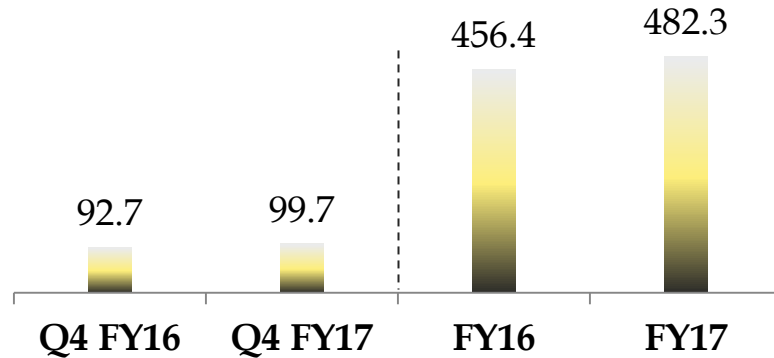
We have seen increasing input costs that have affected margins. To manage the impact, we have increased product prices and efficiently managed raw material inventory. Stronger demand for our ice creams in the current summer season is expected to once again rationalize inventories. Our investments in technology and market penetration are also allowing us to closely monitor and expand returns on investments on the distribution network. We will continue to invest in expanding the distribution network this year and plan to have an installed base of 45,000 POS refrigerators at ice cream retail outlets across 16 Indian states. In addition, our export initiatives are supported by a growing base of distribution.

In the last two years, we have also managed growth on significantly reduced debt and we will continue to focus on improving our debt leverage and focus on cash flow generation. We are on the path to build a strong Vadilal brand that is the consumer's choice in India and targeted overseas markets."

Financials – Q4 & FY17 Performance

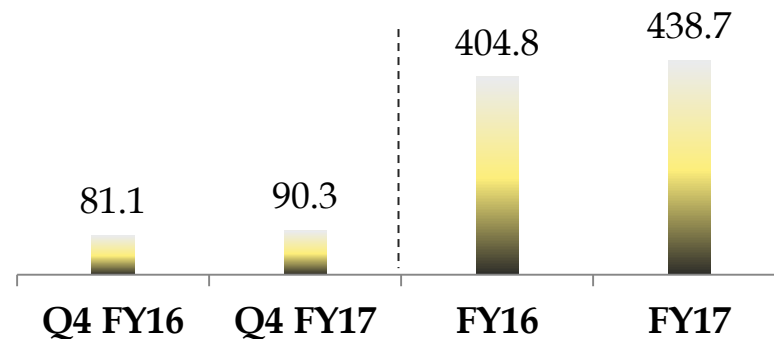


Revenue

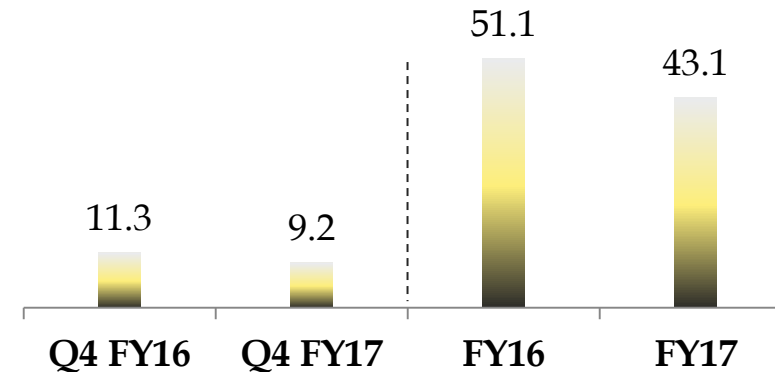


- In FY17, Revenues have improved by 5.7% y-o-y growth on account of 8.4% y-o-y higher revenues in Ice Cream business driven by 1.5% volume and 4.05% value.
- Revenues from Processed Foods division were subdued due to discontinuation of some lower margin products.

Ice Cream



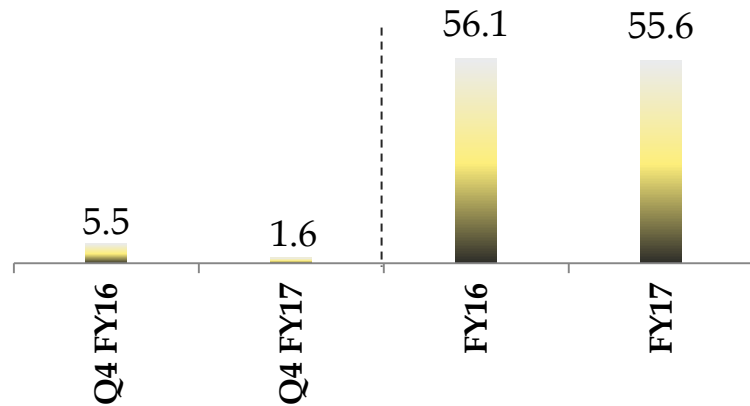
Processed Foods



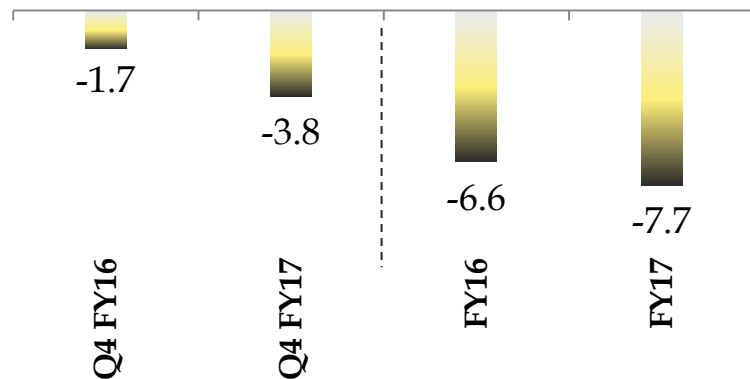
Financials – Q4 & FY17 Performance



Ice Cream - PBIT



Processed Foods - PBIT

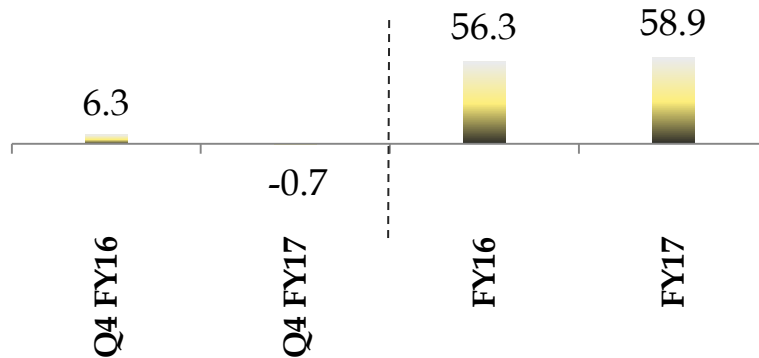


- PBIT of Ice Cream Business was stable y-o-y.
 - The Company has undertaken an 4.5% price increase to offset the high input costs.
- Focus on expanding distribution across the country and in lucrative export markets to support growth prospects .
 - Ice cream exports, which have been receiving encouraging demand, also utilize the common channel developed for foods business.

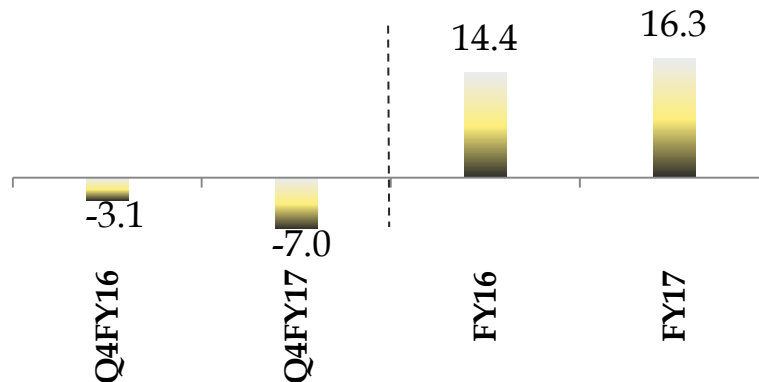
Financials – Q4 & FY17 Performance



EBITDA



PAT



- Operating margins for FY17 were stable.
 - Higher contribution from impulse purchases and individualized packs in Ice Creams division now contribute 72% by value.
 - Impact of expanded organizational base .
- Continue to focus on debt reduction. Overall debt as on March 31st 2017 was stable at Rs. 151.5 crore compared to Rs. 148.3 crore as on March 31st 2016.
- Finance costs in FY17 lower by 27.8% y-o-y at Rs. 15.5 crore as compared to Rs. 21.4 crore in FY16.
- PAT for FY17 increased by 13.8% y-o-y on account higher Ice Cream sales leading to better utilization, improved product mix and lower finance costs.

Marketing initiatives – Thrust towards Premiumization



- Parineeti Chopra has been appointed brand ambassador for Vadilal over three years.
- Unveiled new products endorsed by the brand ambassador, with the expanded range being evaluated on an ongoing basis.

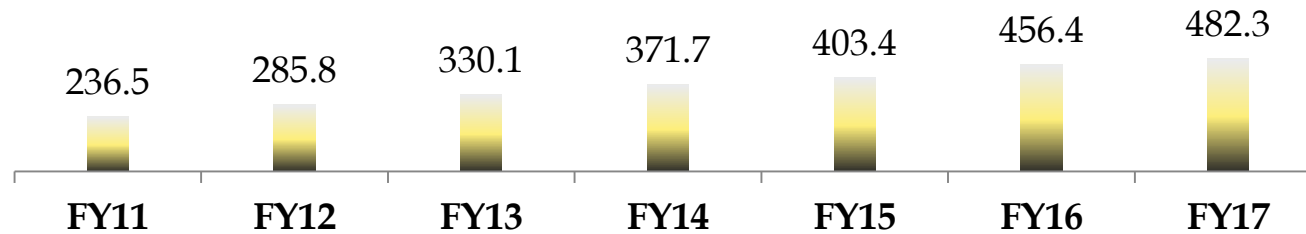


meltⁱⁿ

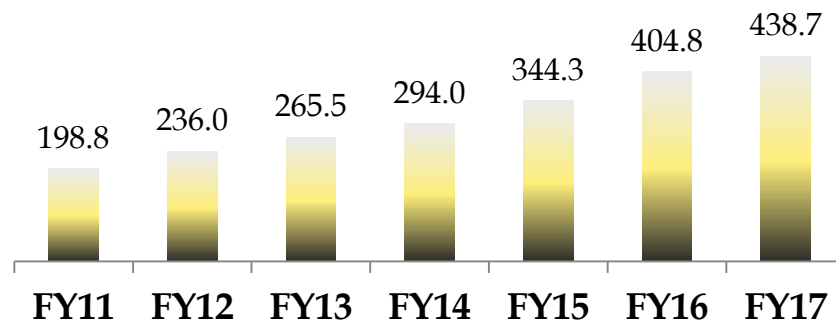


**Financials
Performance
Trends**

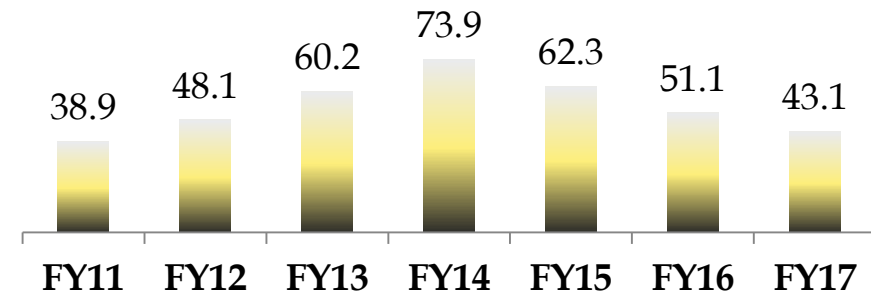
Revenue



Ice Cream



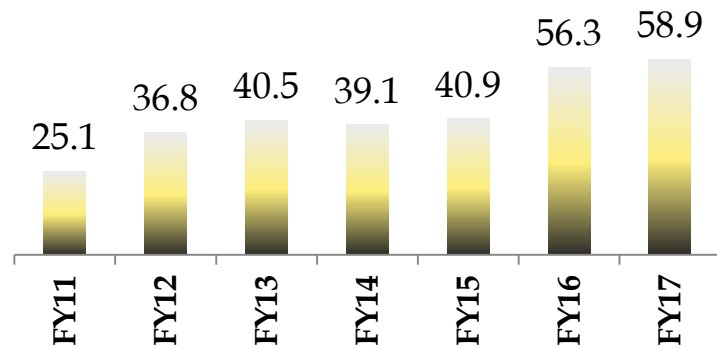
Processed Foods



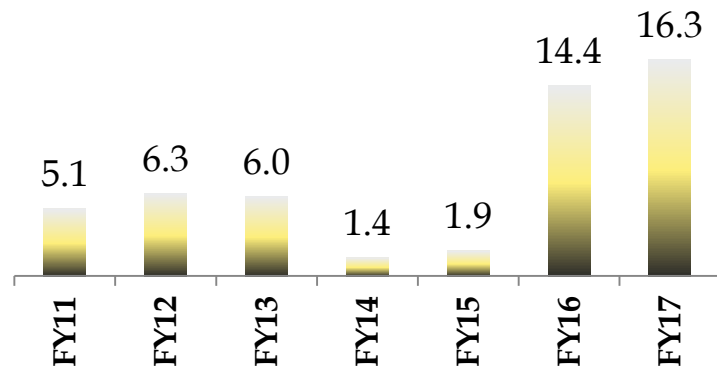
Financials Performance Trends



EBITDA



PAT



Consumer behavior is transitioning with increasing acceptance for western desserts. With improving consumer sentiment and stable input costs VIL is likely to maintain its growth trajectory.

VIL is now reaping benefits of substantial investments in capacity, technology, brand and distribution.

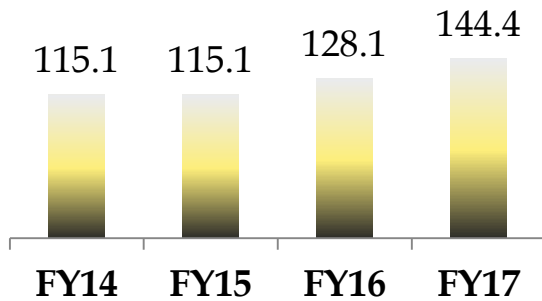
As volumes enhance, existing capacity gets utilized more efficiently and margins which were depressed in the past are improving.

Financials Performance Trends – Balance Sheet

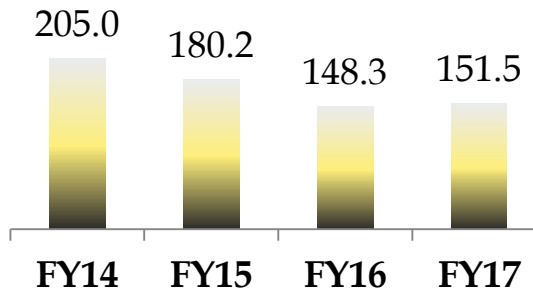


Liabilities

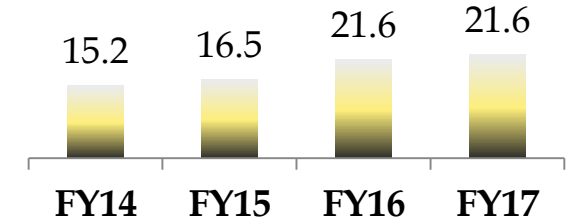
Networth



Debt

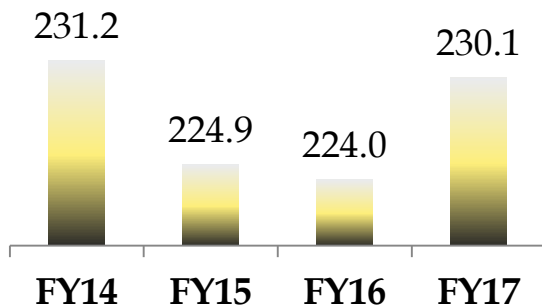


Other Non-Current Liabilities

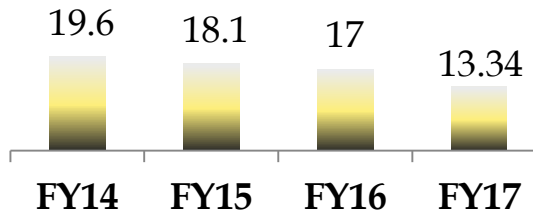


Assets

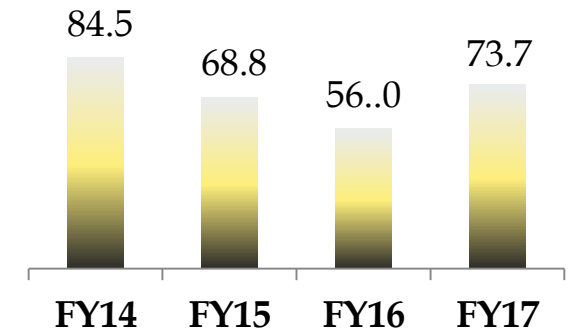
Net Fixed Assets



Other Non-Current Assets



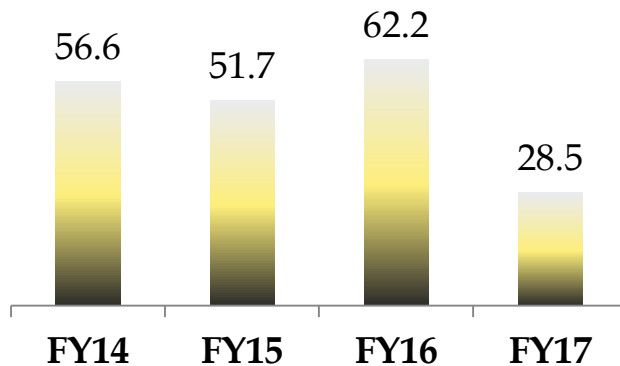
Net Current Assets



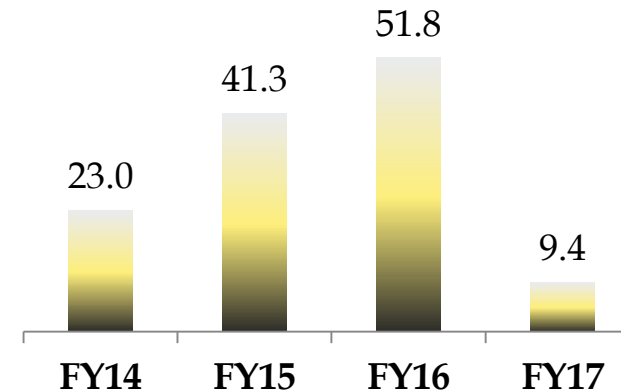
Financials Performance Trends – Cash Flows



Operating Cash flow



Free Cash Flow



- Inventory up by Rs.30 crore
- Interest down by Rs.5 crore to Rs. 15.5 crore in FY17
- Capex up by Rs.10 crore y-o-y



Vadilal Industries Overview

110-year old, established ice cream brand

- Currently managed by fourth generation promoter family
- Selected India's most trusted ice cream brand in 2013 and 2014 by the Brand Trust Report

Largest range of ice creams of any company in India

- Top 3 ice-cream brand in the country, 150+ flavors
- 300 SKU's of cones, candies, bars, ice lollies, cups, family packs, economy packs

Second largest ice cream manufacturer in India by volume

- Leadership in Gujarat, Rajasthan, UP, Uttarakhand, Haryana and Chandigarh

Strong distribution network in North, West and East India

- 16 states, 61 CNF's, over 1200 distributors, 290 distribution vehicles, 45,000 +retail outlets

Expanding global business presence

- Products reach 45 countries across four continents
- 70% contribution from exports in processed foods segment

Indian Ice Cream Market



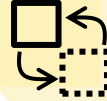
Ice cream is transitioning from periphery to mainstream, from occasional indulgence to snacking option

Evolving perceptions



Transition from seasonal to year-long consumption

Changing demand patterns



Increased disposable incomes and discretionary spending driving secular demand growth

Growing affordability



Consumers receptive to spending on high quality products that meet their rising aspirations

Premiumization trends



Shift from limited portfolios of traditional products to innovative, global-standard offerings

Innovative product development



Local brands competing with international players, leading to market expansion

Expanding customer choices



India's current annual per capita consumption of 400 ml vs 2.3 liters world average, Chinese consumption is 20X India's

Significant headroom for growth



Rapid expansion of retail network leading to product availability and convenience

Nationwide retail expansion





Ice Creams - Brands Portfolio



- Global business selling to 45 countries in four continents
- Strong distribution to Indian diaspora, being further developed with new product launches
- Expanded export markets from 12 SKU's supplied to seven countries in 1991 to 100+ SKU's to 45 countries currently
- Expanded domestic market from 18 SKU's sold in Gujarat in 2000 to 75+ SKU's available in five Indian states currently
 - Vadilal Quick Treat brand has expanded presence to Maharashtra/Mumbai
- Aggressively expanding frozen food line, exited from low margin, mango pulp business



Processed Foods - Brands Portfolio



- Processed foods products are marketed under the brand name 'Quick Treat'
- Portfolio includes frozen vegetables, ready-to-eat/ready-to-serve frozen snacks, Indian breads and curries
- Positioned to assist Indian kitchens with traditional home cooking



Vegetables



Breads



Curries



Snacks

Production Facilities



- Capacity expanded from 270,000 liters per day to 380,000 liters per day over the past few years
- Current production on automated processes “untouched by hand”, manual intervention only at packaging stage
- Focus on branded portfolio in Processed Foods Business
- No major capital expenditure anticipated on capacity enhancement for FY18

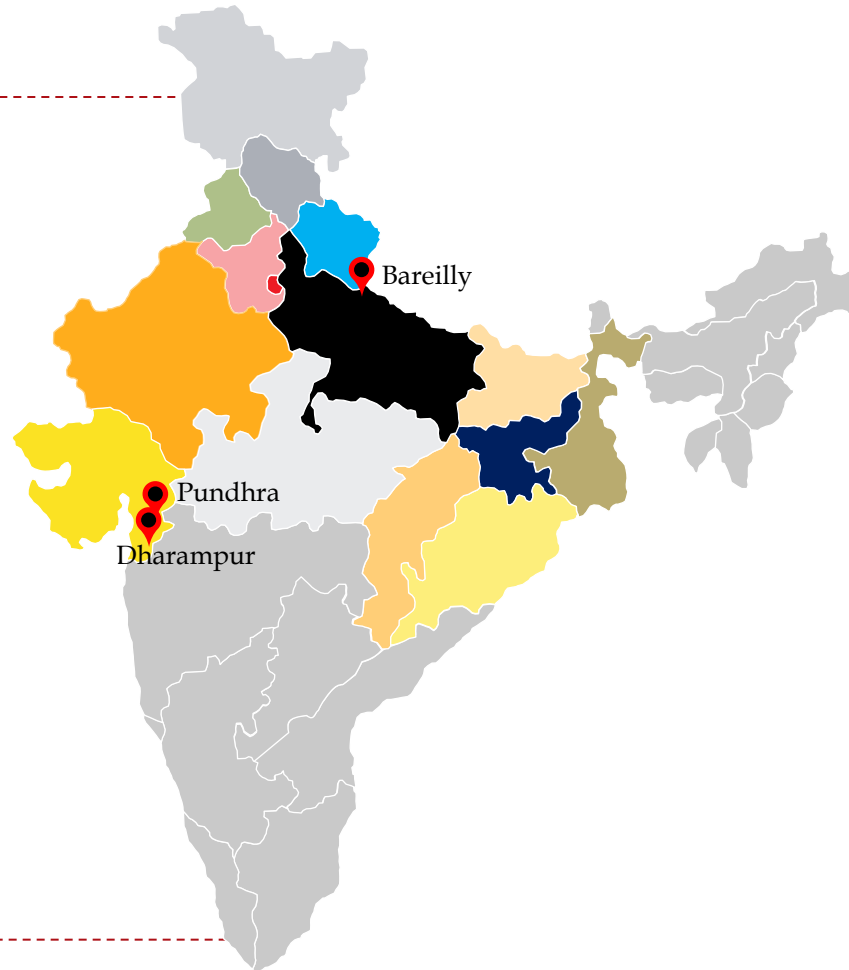


Facilities	Capacity	Production	Certification
Bareilly	150,000 liters per day	Ice cream	ISO-22000:2005
Dharampur	33,000 kgs per day	Processed foods	ISO-22000:2005 and BRC : Issue 6
Pundhra	230,000 liters per day	Ice cream	ISO-22000:2005 and BRC : Issue 6

Distribution Presence



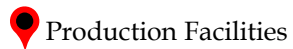
Gujarat	200
Uttar Pradesh	185
Madhya Pradesh	150
Rajasthan	138
West Bengal	89
Delhi	63
Himachal Pradesh	58
Bihar	58
Punjab	51
Uttarakhand	48
Haryana	44
Jharkhand	41
Orissa	37
Chandigarh	36
Chhattisgarh	18



Distribution network comprises of over **45,000** retailers, over **1,200** large distributors, **61** CNFs, **250** distribution vehicles and almost **300** SKUs.

Adopted franchisee route to further increase market penetration and established **85 ice cream parlors** under 'HAPPINEZZ' brand name

Access to the **largest fleet** of refrigerated vehicles in India, backed by an expanding distribution network



Awards and Accreditations



27 Awards Over 4 Consecutive Years At "The Great Indian Ice Cream Contest"



Ranked No. 18th In The Food Products Category By The Economic Times , 2013



Vadilal Industry Certification
ISO 9001: 2000


Certified by (Bureau Veritas
Certification International - Denmark)
ISO 9001:2000 and
HACCP supported Food Safety
Management System (ISO 22000:2005)
British Retailing Consortium (UK)

Vadilal Quick Treats Unit Is
Certified With BRC, ISO
9001:2008, ISO 22000:2005



Voted As India's Most Trusted
Brand In The Ice Cream
Category By [Trust Research
Advisory Board](#).



Outlook

Planned Initiatives



Expanding Presence

Presence across 16 states, 61 CNF's, over 1,000+ distributors, 250 distribution vehicles, over 45,000 retail outlets

Increasing penetration – moving from passive to aggressive business strategy to derive benefit from improving consumer behavior

Product Strategies

Focus on higher value products and targeting optimal margins – higher sales of individualized packs and stable input and distribution costs

Sales & Marketing push – accelerating new product development and increasing spend on promotional activities

Supply Chain Initiatives

Aggressive expansion of sales generating assets/cold supply chain – annual planned addition of ~5,000 deep freezers

Augmenting distribution management system that will allow micro-control over ROI from each business area and point of sale unit

Over the last six years, ~Rs. 200 crore has been invested to expand capacity and related infrastructure, planned initiatives to further leverage this investments

Contact Us



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THANK YOU